

DOCKET FILE COPY ORIGINAL

CONFIDENTIAL  
 NOT FOR PUBLIC INSPECTION

Five-Year Network Improvement Plan  
For Venture Communications Cooperative

Received & Inspected

JUL - 1 2014

FCC Mailroom

In its *USF/ICC Transformation Order* and subsequent Orders, the Federal Communications Commission ("FCC" or "Commission") requires Eligible Telecommunications Carriers ("ETCs") to submit a five-year build-out plan in a manner consistent with Section 54.202(a)(1)(ii) of the Commission's Rules by July 1, 2014 and to submit annual progress reports thereafter.<sup>1</sup> Section 54.202(a) (1) (ii) states in part that ETCs are to "[s]ubmit a five-year plan that describes with specificity proposed improvements or upgrades to the [ETC's] network throughout its proposed service area. Each [ETC] shall estimate the area and population that will be served as a result of the improvements . . . ."<sup>2</sup>

In its *March 5, 2013 Order*, the FCC specified that for rate-of-return carriers, the five-year plans "should describe the carrier's network improvement plan, which should provide greater visibility into current plans to extend broadband service to unserved locations in rate-of-return service territories."<sup>3</sup> Venture Communications Cooperative

<sup>1</sup> See *Connect America Fund; A National Broadband Plan for Our Future; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Developing a Unified Intercarrier Compensation Regime; Federal-State Joint Board on Universal Service; Lifeline and Link-Up; Universal Service Reform—Mobility Fund*; WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-51, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-61 (rel. Nov. 18, 2011) (*USF/ICC Transformation Order*) at Para. 587; pets. for review denied, Direct Comm. Cedar Valley, et al v. FCC, No. 11-9900, [www.ca10.uscourts.gov/opinions/11/11-9900.pdf](http://www.ca10.uscourts.gov/opinions/11/11-9900.pdf) (10th Cir. May 23, 2014); see also *Connect America Fund et al.*, WC Docket 10-90 et al., Order, DA 12-147 (rel. Feb. 12, 2012) at Para. 5 (amending Section 54.313(a)(1) to clarify this requirement); *Connect America Fund et al.*, WC Docket 10-90 et al., Third Order on Reconsideration, FCC 12-52 (rel. May 14, 2012) at Para. 10 (changing the filing deadline for the annual reports from April 1 to July 1); *Connect America Fund et al.*, WC Docket 10-90 et al., Order, DA 13-332 (rel. Mar. 5, 2013) ("*March 5, 2013 Order*") at Para's. 4, 6-9. Delaying Five Year Plan until July 1, 2014 see WC Docket No. 10-90, Order, DA 13-1115, Para. 8 (released May 16, 2013).

<sup>2</sup> 47 C.F.R. § 54.202(a) (1) (ii).

<sup>3</sup> *March 5, 2013 Order* at Para. 9 citing Section 54.202(a) (1) (ii).

**CONFIDENTIAL**  
**NOT FOR PUBLIC INSPECTION**

Five-Year Plan ([SACst112])  
Page 2

("Venture" or the "Company") is a rate-of-return carrier ETC and hereby submits its five-year network improvement plan.

**I. The Challenges Faced by the Company in Providing Voice and Broadband to its Rural Service Area**

**A. Description of the Company and its Service Area**

Venture Communications Cooperative provides telephone service to 11,850 access lines and also provides high-speed internet service and IP video service to [REDACTED] customers. By the end of 2014, Venture plans to have fiber-to-the-home service installed in all of our rural, out-of-town areas. Venture's service territory covers over 6,700 square miles with an overall customer density of [REDACTED] access lines per square mile. Venture serves a total of 27 separate exchanges in the northeast and central regions of South Dakota. The cost of upgrading Venture's network to the broadband needs of its subscribers has been substantial. Without consistent and predictable revenue streams, the decisions needed to continue upgrading Venture's services so they continue to meet our subscriber needs become more difficult to make.

**B. The Exchanges Contained Within the Company's Study Area**

Venture Communications Cooperative serves the combined exchange area(s) of:

Blunt, SD	Rosholt, SD
Bowdle, SD	Roslyn, SD
Britton, SD	Selby, SD
East Onida, SD	Seneca, SD
Gettysburg, SD	Sisseton, SD
Harrold, SD	Tolstoy, SD
Highmore, SD	Tulare, SD
Hitchcock, SD	Wessington, SD
Hoven, SD	Wessington Springs, SD
Langford, SD	West Onida, SD
Lebanon, SD	
North Britton, ND	
Onaka, SD	
Onida, SD	
Pierpont, SD	
Ree Heights, SD	
Roscoe, SD	

CONFIDENTIAL  
NOT FOR PUBLIC INSPECTION

Five-Year Plan ([SACst112])  
Page 3

II. The Company Has Used and Will Use Universal Service Support Only For the Intended Purposes

Section 254(e) of the Communications Act of 1934, as amended requires ETCs to use Universal Service support ("USF") "only for the provision, maintenance, and upgrading of facilities and services for which the support is intended."<sup>4</sup> Pursuant to Section 54.314 of the FCC's rules, in order for state-designated ETCs to receive USF for the coming year, states must annually file certifications by October 1 stating that all federal high-cost support provided to such carriers within the state "was used in the preceding calendar year and will be used in the coming calendar year only for the provision, maintenance, and upgrading of facilities and services for which the support is intended."<sup>5</sup> ETCs not designated by a state must file similar certifications with the FCC.<sup>6</sup>

In its *USF/ICC Transformation Order*, the FCC clarified that prior to making the Section 254(e) certifications, states should conduct a "rigorous examination of the factual information" contained in the annual Section 54.313 reports, of which the five year network improvement plan and annual progress reports are a part, in determining whether they can certify that carriers' support has been used and will be used only for the purpose for which the support was intended.<sup>7</sup> The FCC said that it would also use the reports to verify certifications filed by ETCs that are not state-designated.<sup>8</sup> In this context, the

---

<sup>4</sup> 47 U.S.C. § 254(e).

<sup>5</sup> 47 C.F.R. § 54.314(a).

<sup>6</sup> 47 C.F.R. § 54.314(b).

<sup>7</sup> See *USF/ICC Transformation Order* at Para. 612.

<sup>8</sup> *Id.*



**CONFIDENTIAL**  
**NOT FOR PUBLIC INSPECTION**

Five-Year Plan ([SACst112])  
Page 4

Commission stated, “[i]n light of the public interest obligations we adopt in this Order, a key component of this [Section 254(e)] certification will now be that support is being used to maintain and extend modern networks capable of providing voice and broadband service.”<sup>9</sup>

Essentially, under the existing rules and processes, the federal USF received by the Company and other incumbent rural telephone companies are, in fact, an integral part of the recovery of expenditures of rural incumbent local exchange carriers incurred in the provision, maintenance and upgrading of their provision of facilities and services for which the USF is intended. Venture depends upon its receipt and utilization of federal universal service support to provide rural telephone customers with affordable and quality voice and broadband services.

Accordingly, given the critical role the network improvement plan and the progress reports will have in the annual Section 254(e) certification process, Venture Communications Cooperative’s plan and progress reports will demonstrate not only how Venture has used and will use USF not only for improvements and upgrades, but also for the provision and maintenance of the facilities and services to which the support was intended.

### **III. The Company’s Five-Year Network Improvement Plan**

When the Commission adopted its five-year plan requirements for FCC-designated ETCs in its *2005 ETC Order*, it set forth the following criteria as to how the

---

<sup>9</sup> *Id.* (emphasis supplied).

CONFIDENTIAL  
NOT FOR PUBLIC INSPECTION

Five-Year Plan ([SACst112])  
Page 5

ETC is to describe with "specificity" the proposed improvements or upgrades to the ETC's network throughout its service area:

(1) how signal quality, coverage, or capacity will improve due to the receipt of high-cost support throughout the area for which the ETC seeks designation; (2) the projected start date and completion date for each improvement and the estimated amount of investment for each project that is funded by high-cost support; (3) the specific geographic areas where the improvements will be made; and (4) the estimated population that will be served as a result of the improvements.<sup>10</sup>

In that order, the FCC clarified that service quality improvements in the five-year plan "do not necessarily require additional construction of network facilities."<sup>11</sup> Accordingly, the improvements listed in the plan may be projects related to the expansion of the network (one or multiple services), projects related to updating technology to accommodate new services or higher bandwidth or maintenance projects, such as to reduce trouble reports or replace outdated equipment. Additionally, in some cases, the projects may be ones that improve or upgrade the entire network rather than discrete areas within a study area or they may be ones that are ongoing projects that have no specific start and completion dates.

The instructions to the Form 481 state "[r]ecipients may describe where improvements are expected to occur by wire center or census block, as appropriate. To the extent no improvements are planned in specific areas, the five-year plan should so indicate."<sup>12</sup> The instructions also require that in subsequent years, ETCs must file a

<sup>10</sup> *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, FCC 05-46 (rel. Mar. 17, 2005) ("2005 ETC Order").

<sup>11</sup> *Id.*

<sup>12</sup> Instructions for Completing FCC Form 481, OMB Control No. 3060-0986 (High-Cost), OMB Control No. 3060-0819 (Low-Income), March 2014, Line 112

**CONFIDENTIAL**  
**NOT FOR PUBLIC INSPECTION**

Five-Year Plan ([SACst112])  
Page 6

progress report on the five-year plan, pursuant to 47 C.F.R. §54.313(a)(1), including maps explaining progress towards meeting the deployment targets, the amount of universal service support received, how support was used to improve service quality, coverage, or capacity, and an explanation regarding any network improvement targets that have not been fulfilled in the prior calendar year. The information regarding the total amount of universal service support received must also be broken out separately by the amount spent on capital expenses and the amount spent on operating expenses.<sup>13</sup>

Accordingly, the Company's five-year plan separately provides both capital expenditures and operating expenses.

#### **A. The Company's Major Network Improvement Projects**

Based upon this framework, Appendix A reflects Venture Communications Cooperative's major network improvement projects for the year 2015 through calendar year 2019<sup>14</sup> along with the start and completion dates, capital costs, areas and population associated with those projects.

At this time, there are no major network improvement plans in the following exchanges: Bowdle, SD; East Onida, SD; Highmore, SD; Lebanon, SD; North Britton, ND; Onida, SD; Roscoe, SD; Roslyn, SD; Wessington Springs, SD; and West Onida, SD. These exchanges have all been recently rebuilt using a fiber-to-the-home technology and no further construction plans are currently in place.

<sup>13</sup> Instructions for Completing FCC Form 481, OMB Control No. 3060-0986 (High-Cost), OMB Control No. 3060-0819 (Low-Income), March 2014, Line 112

<sup>14</sup> Although the FCC has not specified what it considers to be "year one" of the five year plan, the Company believes that it is the FCC's intent for the calendar year 2015 to be considered "year one" due to the fact that the first progress report on the plan is due July 1, 2015 and all of the other reporting requirements contained in Section 54.313 are based on the calendar year.



**CONFIDENTIAL**  
**NOT FOR PUBLIC INSPECTION**

Five-Year Plan ([SACst112])  
Page 7

### **B. How These Projects Will Improve the Network**

The projects listed in Appendix A all relate to fiber-to-the-home projects that will be completed in the town areas of the listed exchanges. These projects will update technology to allow for potential new services in the future and will also provide higher bandwidth so subscribers can take advantage of higher internet speeds. In addition, maintenance needs in each of these communities should decrease with the new and improved fiber service to be supplied to each residence and business in the listed exchanges. Each project will provide improved voice and broadband service for the individual exchange listed. Expected start and completion dates are listed on Appendix A.

### **C. Estimated Capital Expenditures and Operating Expenses**

The first table in Appendix B included herein specifies the Capital Expenditures (projects) in Appendix A, by Part 32 account, along with the respective year in which the expenditures are expected to occur. In the second table of Appendix B, the projected operating expenses are provided, including depreciation expense for both embedded plant investment and for Capital Expenditures, which begins when the Capital Expenditures are projected to be placed into service.

REDACTED - FOR PUBLIC INSPECTION

Study Area Code	391680
Study Area Name	Venture Communications Cooperative
Company Contact Name	Janelle Jensen
Contact Telephone Number	605-852-2224
Contact Email Address	janellej@venture.coop

PART A - PROJECT LIST FOR 2015-2019

Project	Start Date	Completion	Areas	Population(1)	Total Dollars
Britton Town - Fiber to the Home	9/1/2014	7/31/2015	Britton, SD Town	666	
Gettysburg Town - Fiber to the Home	9/1/2014	7/31/2015	Gettysburg, SD Town	548	
Selby Town - Fiber to the Home	9/1/2014	7/31/2015	Selby, SD Town	379	
Sisseton Town - Fiber to the Home	9/1/2014	7/31/2015	Sisseton, SD Town	938	
Rosholt Town - Fiber to the Home	5/1/2016	11/30/2016	Rosholt, SD Town	212	
Langford Town - Fiber to the Home	5/1/2016	11/30/2016	Langford, SD Town	155	
Pierpont Town - Fiber to the Home	5/1/2016	11/30/2016	Pierpont, SD Town	53	
Blunt Town - Fiber to the Home	5/1/2017	11/30/2017	Blunt, SD Town	145	
Hoven Town - Fiber to the Home	5/1/2017	11/30/2017	Hoven, SD Town	222	
Harrold Town - Fiber to the Home	5/1/2017	11/30/2017	Harrold, SD Town	69	
Wessington Town - Fiber to the Home	5/1/2018	11/30/2018	Wessington, SD Town	110	
Hitchcock Town - Fiber to the Home	5/1/2018	11/30/2018	Hitchcock, SD Town	57	
Tulare Town - Fiber to the Home	5/1/2018	11/30/2018	Tulare, SD Town	108	
Seneca Town - Fiber to the Home	5/1/2019	11/30/2019	Seneca, SD Town	14	
Tolstoy Town - Fiber to the Home	5/1/2019	11/30/2019	Tolstoy, SD Town	35	
Onaka Town - Fiber to the Home	5/1/2019	11/30/2019	Onaka, SD Town	10	
Ree Heights Town - Fiber to the Home	5/1/2019	11/30/2019	Ree Heights, SD Town	35	
<b>Totals</b>					\$



REDACTED - FOR PUBLIC INSPECTION

Study Area Code 391680  
 Study Area Name Venture Communications Cooperative  
 Company Contact Name Janelle Jessen  
 Contact Telephone Number 605-852-2224  
 Contact Email Address janellej@venture.coop

Part B: 5-Year Proposed Capital Expenditures and Operating Expenses

Regulated Capital Expenditure (CapEx) Projections								
Account	Description	2014	2015	2016	2017	2018	2019	Total Projected CapEx 2015-2019
2111 & 2121	Land & Building	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2112	Vehicles	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2122-2124	Support Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2210	Switching Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2232	Circuit Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2410	Cable & Wire Facilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1220	Materials & Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Total Capital Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Regulated Operating Expenditure (OpEx) Projections								
Account	Operating Expenses	2014	2015	2016	2017	2018	2019	Total Operating Expenses 2015-2019
6110-6120	General Support Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6210	Switching Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6230	COE Transmission Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6410	Cable & Wire Facilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6530	Non-Specific (Testing, Plant Op., Engineering)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6561-2110	General Support Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6561-2210	Switching Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6561-2230	Circuit Equip Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6561-2410	Cable & Wire Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6610-6620	Customer Operations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6711-6720	Corporate Operations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7240	Ad Valorem Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Total Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -